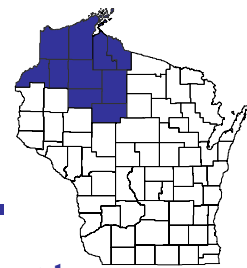


WORKFORCE OBSERVATIONS

for Northwest Wisconsin counties

Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn



published quarterly by the Office of Economic Advisors,
Wisconsin Department of Workforce Development

Winter 2006

In this issue:

- > Employers add 700 jobs in 2005, setting a new high of 74,230 jobs in Northwest Wisconsin.
- > Largest job gains occurred in education and health services.
- > Spring hiring adds an average of 5,000 jobs.
- > > > >
- > Labor force in fourth quarter included an increase in the number of unemployed residents and a reduction in the number of jobholders. The unemployment rate rose to 4.9 percent.
- > Claims for unemployment benefits increased as jobs in construction and manufacturing ended.
- > Consumer prices rose only 0.5% in 4th quarter.

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Job Growth Among Health Providers Leads Regional Increase in 2005

Over the last two year employers in Northwest Wisconsin have been adding jobs to the local economy at a steady pace. The jobs were added in small increments, over many months, and by hundreds of employers - and have appeared with little fanfare.

The number of jobs in the region in every month since October 2003 has exceeded the same month total from the previous year. Job growth occurred in all private industry sectors while public sector employment contracted slightly. The incremental climb resulted an increase of nearly 700 jobs from the previous year and a gain of 1,980 since 2003. The annual average number of jobs in Northwest Wisconsin in 2005 was 74,230.

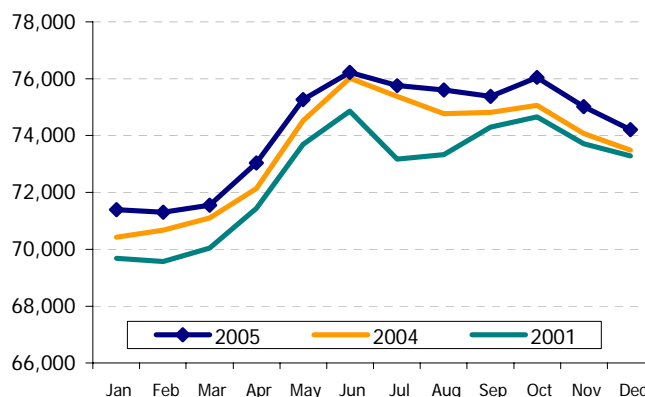
Many of these new jobs occurred with education and health care providers who added over 150 jobs during 2005. Employers in eight of the ten counties in the region contributed to the regional increase. Statewide, education and health care providers also contributed the most new jobs with the addition of 7,600 jobs in 2005. These estimates for the super-sector include only private education employers who, in Northwest Wisconsin, provide less than one percent of the jobs in this industry grouping. Consequently, most of job growth over the last twelve months occurred with health care providers.

Two occupations, registered nurses and nursing aides, provide over one-quarter of the jobs in health care in Wisconsin and both are included among the top ten occupations adding the most new jobs in North-

west Wisconsin. The increase in jobs in 2005 converges with the regional projection for an increase of 50 jobs from 2004 to 2006 for registered nurses and an increase of 40 jobs for nurse aides.

The industry sector adding the second greatest number of new jobs in 2005 was construction and natural resources. Employers added 125 jobs over the twelve-month period. Here too, the region mimicked the increase throughout the state where employers in construction and natural resources also produced the second largest gain in jobs.

Total Nonfarm Jobs in Northwest Wisconsin



Employment with construction and natural resources employers averaged 3,750 in 2005 in the ten-county region but that ranged from a low of 2,865 in February to the high of 4,335 in August.

The seasonal fluctuation of construction jobs is repeated in many industry sectors in Northwest Wisconsin, but especially in leisure and hospitality, trade, and manufacturing. Throughout the region employers add an average of 5,000 jobs every year

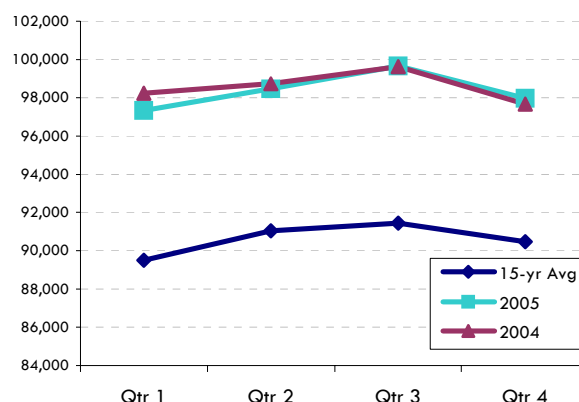
(Continued on page 2)

from March to June. The increase in 2005 was slightly less with 4,930 jobs added over the four-month period.

It should be no surprise that the sector adding the most jobs from March to June is leisure and hospitality. Employers in this super-sector, who provide twice as many jobs as construction and natural resource employers, added 1,730 jobs in the spring of 2005. Employment with trade employers, which has become less seasonal since restaurants were transferred to leisure and hospitality, is still seasonally volatile. In 2005, employers added 680 jobs in the spring.

What may surprise some is that manufacturing employment also follows seasonal swings. In most years manufacturing employers in Northwest Wisconsin add 400-500 jobs from March through June, followed by a second surge in jobs that occurs every October when wreath and

NORTHWEST WDA-7 Labor Force



garland production begins. This season is very temporary, however, and ends by late November.

Other temporary jobs that sometimes turn into more permanent positions are found in the super-sector of information, professional and business services and other services. Included in this sector are temporary help agencies and landscaping firms and both increase employment during the springtime. The super-sector

adds roughly 500 jobs to the local economy every spring.

As 2005 ended, the employers in Northwest Wisconsin had increased employment by 0.9 percent from 2004. The additional jobs provided employment to an annual average of 92,840 residents, roughly the same as in 2004. But there were fewer unemployed in 2005 and that netted a smaller labor force of 98,350.

Most regions in Wisconsin experienced a loss of labor force participants in 2005 and one has to wonder if this is the beginning of tighter labor markets forecast as baby-boomers retire. Or, maybe jobseekers dropped-out of the labor force because of mediocre job growth. Help in understanding the direction of the labor force and job growth will come in March when these early estimates are revised.

(Detailed employment table on page 4)

Workforce Changes in Fourth Quarter 2005

Civilian Labor Force Estimates* for Northwest Wisconsin Counties

	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
Ashland									
Labor force	9,297	9,750	9,278	3,214	3,200	3,302	9,127	9,626	9,106
Employed	8,833	9,223	8,861	2,985	2,992	3,057	8,629	9,222	8,649
Unemployed	464	527	418	229	208	245	498	404	457
% unemployed	5.0	5.4	4.5	7.1	6.5	7.4	5.5	4.2	5.0
Bayfield									
Labor force	8,249	8,474	8,260	9,003	9,084	8,884	11,317	11,587	11,382
Employed	7,783	8,127	7,808	8,644	8,699	8,565	10,876	11,163	10,879
Unemployed	466	347	452	360	385	319	441	424	503
% unemployed	5.6	4.1	5.5	4.0	4.2	3.6	3.9	3.7	4.4
Burnett									
Labor force	8,603	8,680	8,343	7,781	7,947	7,682	8,228	8,281	8,111
Employed	8,201	8,321	7,938	7,376	7,570	7,270	7,792	7,894	7,695
Unemployed	402	359	405	405	377	412	436	387	416
% unemployed	4.7	4.1	4.9	5.2	4.7	5.4	5.3	4.7	5.1
Douglas									
Labor force	23,133	23,038	23,320	14,379	14,371	14,454	97,952	99,666	97,667
Employed	22,078	21,957	22,211	13,750	13,675	13,644	93,195	95,167	92,931
Unemployed	1,055	1,080	1,109	629	696	810	4,757	4,499	4,736
% unemployed	4.6	4.7	4.8	4.4	4.8	5.6	4.9	4.5	4.8
Superior, City									
Labor force	14,379	14,371	14,454	97,952	99,666	97,667	93,195	95,167	92,931
Employed	13,750	13,675	13,644	93,195	95,167	92,931	93,195	95,167	92,931
Unemployed	629	696	810	4,757	4,499	4,736	4,757	4,499	4,736
% unemployed	4.4	4.8	5.6	4.9	4.5	4.8	4.9	4.5	4.8
Northwest									
Labor force	97,952	99,666	97,667	93,195	95,167	92,931	93,195	95,167	92,931
Employed	93,195	95,167	92,931	93,195	95,167	92,931	93,195	95,167	92,931
Unemployed	4,757	4,499	4,736	4,757	4,499	4,736	4,757	4,499	4,736
% unemployed	4.9	4.5	4.8	4.9	4.5	4.8	4.9	4.5	4.8

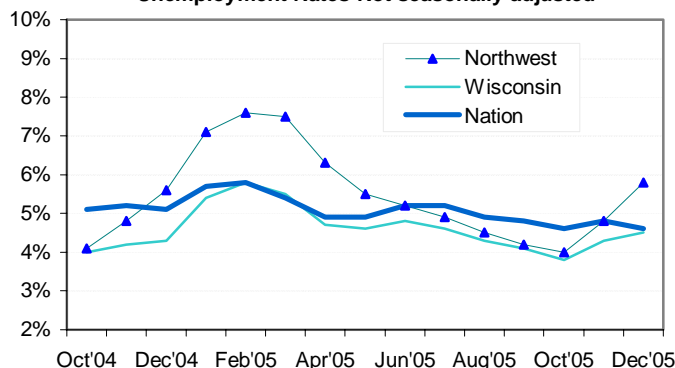
* not seasonally adjusted

The unemployment rate in Northwest Wisconsin rose during the third quarter after reaching a low for the year in October of 4.0 percent. The October rate was also the lowest for the month since the rate of 3.9 percent in October 2001. As the weather chilled and many outside projects ended the number of unemployed in the region climbed and local unemployment rates reflected this. By December the regional rate stood at 5.8 percent, higher than twelve months earlier but still well below December estimates in 2001, 2002, and 2003. The jump in December unemployment pushed the rate for the quarter to 4.9 percent, higher than the 4.8 percent unemployed in the same quarter in 2004. In previous years there was an increase in the number of employed residents in every month of the fourth quarter, but

(Continued on page 3)

WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

Unemployment Rates-Not seasonally adjusted



	Oct'04	Nov'04	Dec'04	Oct'05	Nov'05	Dec'05
Northwest	4.1%	4.8%	5.6%	4.0%	4.8%	5.8%
Wisconsin	4.0%	4.2%	4.3%	3.8%	4.3%	4.5%
Nation	5.1%	5.2%	5.1%	4.6%	4.8%	4.6%

in 2005 the number of employed declined.

The reduction in workers this year may not indicate that 2005 was a bad year but that 2004 was an exceptionally good one. Job reductions in 2005 were fairly typical during the fourth quarter but were ahead of the losses set in 2004 when there were fewer cutbacks.

The bottom line is that overall there were more jobs in

2005 than in previous years due to robust growth during summer and fall, and there are anecdotal indications that when estimates are revised in March there may be increases in some of the employments estimates, especially those for manufacturing and construction.

The current estimates show an increase of 850 jobs with employers in Northwest Wisconsin during fourth quarter compared with one year ago in spite of the loss of 500 jobs from third quarter. Much of the annual gain occurred in construction and manufacturing but a substantial number of the new jobs were in local government. Local government includes all tribal-run operations and is responsible for many of the job gains in some counties.

Northwest Wisconsin	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
Total Nonfarm jobs	75,017	75,543	74,167
Const/Min'g/Nat. Resources	3,936	4,280	3,824
Manufacturing	12,660	12,573	12,493
Trade	10,651	10,848	10,605
Transportation & Utilities	3,948	3,804	3,890
Financial Activities	2,503	2,548	2,431
Education & Health Services	9,515	9,461	9,379
Leisure & Hospitality	7,740	9,086	7,710
Information, Professional & Business Srv. & Other Services	8,493	8,729	8,507
Total Government	15,572	14,214	15,327

Nonfarm Wage and Salary Employment Estimates for Northwest Wisconsin Counties

	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004	Qtr 4 2005	Qtr 3 2005	Qtr 4 2004
	Ashland			Bayfield			Burnett			Douglas			Iron		
Total Nonfarm jobs	9,231	9,420	9,178	4,169	4,522	4,044	5,397	5,437	5,099	17,671	17,295	18,104	2,117	2,171	2,225
Const/Min'g/Nat. Resources	626	673	605	219	233	214	314	338	304	863	912	849	250	281	241
Manufacturing	1,305	1,257	1,317	175	175	171	952	943	926	976	1,003	982	319	320	346
Trade	988	1,000	1,004	542	574	500	618	645	589	2,897	2,959	3,047	373	362	370
Transportation & Utilities	285	218	267	142	163	141	136	135	129	2,293	2,269	2,272	65	60	59
Financial Activities	312	324	313	159	163	152	139	149	139	554	571	546	80	74	75
Education & Health Services	1,821	1,804	1,781	331	373	311	734	722	696	2,040	1,975	2,027	311	311	338
Leisure & Hospitality	798	944	810	889	1,189	855	625	721	596	2,202	2,425	2,216	313	333	348
Info, Prof/Bus.Srv. Othr Srv.	1,051	1,080	1,000	246	288	254	428	420	393	2,648	2,762	2,911	93	96	98
Total Government	2,045	2,120	2,079	1,465	1,364	1,447	1,452	1,364	1,327	3,197	2,418	3,254	313	333	348
	Price			Rusk			Sawyer			Taylor			Washburn		
Total Nonfarm jobs	7,189	7,119	6,993	6,016	6,068	5,807	7,243	7,719	7,178	9,606	9,619	9,424	6,377	6,407	6,115
Const/Min'g/Nat. Resources	284	294	283	205	226	233	456	484	430	406	537	389	313	300	276
Manufacturing	2,776	2,634	2,598	1,957	1,996	1,956	522	541	539	2,750	2,764	2,766	928	950	892
Trade	960	960	921	577	573	578	1,294	1,347	1,258	1,399	1,385	1,357	1,002	1,038	979
Transportation & Utilities	73	74	77	179	175	177	145	120	140	393	373	399	237	220	229
Financial Activities	222	231	216	142	154	139	323	320	315	347	345	316	224	226	220
Education & Health Services	958	969	945	526	529	543	663	672	660	1,157	1,156	1,123	975	953	955
Leisure & Hospitality	400	461	389	385	361	360	961	1,317	934	509	530	547	658	806	653
Info, Prof/Bus.Srv. Othr Srv.	543	558	513	528	530	515	839	824	824	1,589	1,630	1,500	527	543	499
Total Government	972	939	1,050	1,518	1,525	1,305	2,041	2,096	2,079	1,056	899	1,027	1,512	1,372	1,412

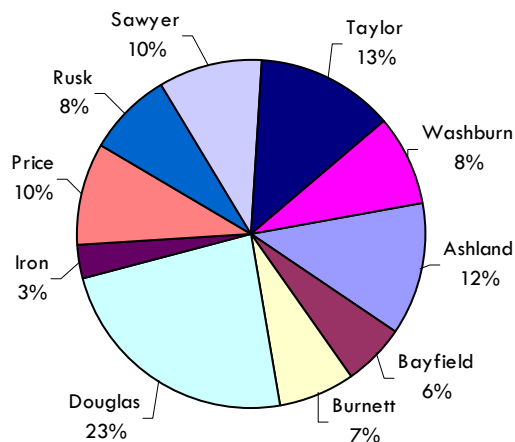
Current quarter preliminary. Estimates based on March 2004 benchmark. Summing from unrounded numbers.

WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

Annual Average Labor Force and Nonfarm Wage and Salary Employment Estimates for Northwest Wisconsin

	Ashland			Bayfield			Burnett			Douglas			Iron		
(Not seasonally adjusted)	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03
Labor force	9,404	9,417	9,298	8,297	8,324	8,134	8,556	8,525	8,500	23,096	23,235	23,190	3,230	3,326	3,368
Employed residents	8,859	8,858	8,638	7,806	7,805	7,612	8,101	8,064	8,048	21,907	21,907	21,775	2,973	3,034	3,057
Unemployed residents	545	559	660	491	519	522	455	461	452	1,188	1,328	1,415	257	292	311
% unemployed	5.8	5.9	7.1	5.9	6.2	6.4	5.3	5.4	5.3	5.1	5.7	6.1	7.9	8.8	9.2
(Number of jobs with employers in thousands)															
Total Nonfarm jobs	9,145	9,088	8,760	4,182	4,021	3,886	5,275	5,161	5,109	17,548	17,902	17,775	2,172	2,241	2,294
Const/Min'g/Nat. Resources	590	567	471	212	213	236	302	294	280	816	807	885	236	241	281
Manufacturing	1,262	1,278	1,257	170	167	154	927	924	954	998	1,024	1,031	321	343	347
Trade	985	1,011	1,050	536	496	444	616	601	595	2,928	3,012	3,066	361	360	371
Transportation & Utilities	253	246	233	139	137	139	134	125	106	2,262	2,204	2,132	59	52	46
Financial Activities	318	317	296	158	151	148	139	141	172	564	546	491	78	74	74
Education & Health Services	1,808	1,767	1,682	335	303	261	721	695	612	1,999	1,990	1,957	309	333	327
Leisure & Hospitality	831	838	825	949	924	897	645	611	584	2,251	2,252	2,172	335	355	335
Info, Prof/Bus.Srv, Othr Srv.	1,060	997	909	259	262	277	409	385	365	2,782	3,011	3,062	97	99	106
Total Government	2,038	2,066	2,036	1,425	1,367	1,330	1,382	1,384	1,441	2,947	3,056	2,978	376	384	407
	Price			Rusk			Sawyer			Taylor			Washburn		
(Not seasonally adjusted)	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03	Avg-05	Avg-04	Avg-03
Labor force	9,032	8,803	8,724	7,796	7,815	7,917	9,192	9,237	9,074	11,514	11,640	11,784	8,233	8,239	8,354
Employed residents	8,611	8,395	8,245	7,299	7,316	7,408	8,647	8,688	8,454	10,904	11,034	11,116	7,736	7,733	7,757
Unemployed residents	421	408	479	496	499	509	545	549	620	611	606	668	497	506	597
% unemployed	4.7	4.6	5.5	6.4	6.4	6.4	5.9	5.9	6.8	5.3	5.2	5.7	6.0	6.1	7.1
(Number of jobs with employers in thousands)															
Total Nonfarm jobs	7,087	6,749	6,530	5,866	5,736	5,691	7,216	7,156	6,899	9,493	9,375	9,196	6,246	6,105	6,108
Const/Min'g/Nat. Resources	269	259	224	210	216	254	433	411	374	406	362	360	273	253	274
Manufacturing	2,654	2,422	2,381	1,947	1,952	1,939	488	507	506	2,749	2,822	2,892	937	922	1,000
Trade	943	911	877	567	558	574	1,289	1,250	1,210	1,375	1,359	1,383	1,000	979	970
Transportation & Utilities	74	77	80	176	173	168	134	124	128	377	388	444	226	221	219
Financial Activities	225	217	216	143	140	141	314	309	304	335	314	314	222	219	216
Education & Health Services	952	929	849	536	549	449	660	652	631	1,153	1,118	1,044	962	944	869
Leisure & Hospitality	411	394	372	365	361	337	1,037	1,013	977	520	547	515	686	686	681
Info, Prof/Bus.Srv, Othr Srv.	549	511	518	522	504	518	806	785	780	1,564	1,442	1,200	526	498	475
Total Government	1,010	1,028	1,013	1,400	1,282	1,310	2,055	2,105	1,988	1,014	1,021	1,043	1,414	1,384	1,404
Northwest Wisconsin	Avg-05	Avg-04	Avg-03												
Labor force	98,349	98,560	98,343												
Employed residents	92,844	92,834	92,110												
Unemployed residents	5,506	5,726	6,233												
% unemployed	5.6	5.8	6.3												
Total Nonfarm jobs	74,229	73,533	72,248												
Const/Min'g/Nat. Resources	3,747	3,622	3,639												
Manufacturing	12,453	12,362	12,461												
Trade	10,601	10,538	10,539												
Transportation & Utilities	3,833	3,747	3,697												
Financial Activities	2,493	2,430	2,372												
Education & Health Services	9,435	9,281	8,681												
Leisure & Hospitality	8,031	7,981	7,696												
Info, Prof/Bus.Srv, Othr Srv.	8,573	8,494	8,209												
Total Government	15,062	15,077	14,951												

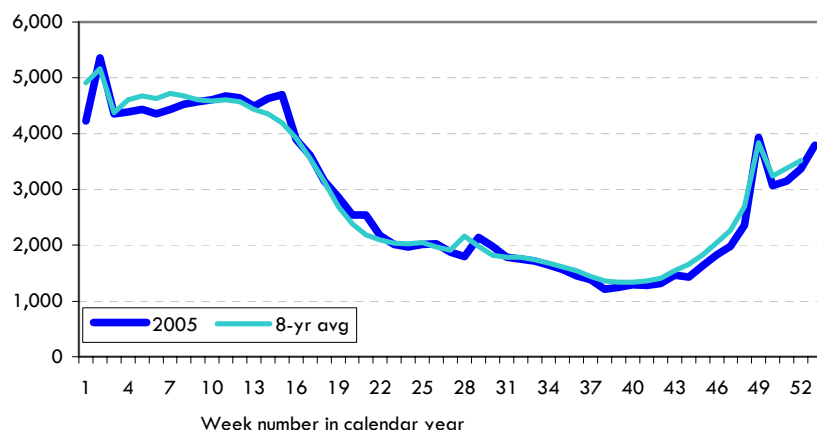
Distribution of total nonfarm jobs in Northwest Wisconsin



Current month preliminary. Estimates based on March 2004 benchmark. Summing from unrounded numbers.

The Workforce Album: Fourth Quarter, 2005

Northwest Wisconsin Weekly Claims for Unemployment Benefits



Source: DWD, Unemployment Compensation Division

- > In spite of declines in the Consumer Price Index in both November (-0.6%) and December (-0.1%) the CPI increased 0.5 percent during the 4th quarter and was 3.7 percent higher than in the same quarter in 2004.
- > Both 2004 and 2005 were heavily influenced by soaring energy prices, which jumped 17.1 percent last year and were up 16.6 percent in 2004.
- > Compensation costs for civilian workers increased 3.1 percent for the year ended December 2005, which was lower than the 3.7 percent over-the-year increase for December 2004.
- > While increases in wages and salaries continued at a moderate pace, the sharp increases in benefit costs seen over the past several years began to increase at a slower pace.

Consumer Price Index - All items (not seasonally adjusted)	Change over previous quarter				over yr
	Qtr 1 2005	Qtr 2 2005	Qtr 3 2005	Qtr 4 2005*	Qtr 4 2004
United States	0.6%	1.3%	1.2%	0.5%	3.7%
Midwest cities (50,000-1.5 million pop.)	0.5%	1.2%	1.6%	0.2%	3.5%
Midwest cities (less than 50,000 pop.)	1.0%	1.5%	1.7%	0.3%	4.5%
Employment Cost Index (not seasonally adjusted)					
Civilian total compensation	1.1%	0.6%	0.9%	0.5%	3.1%
Private industry total compensation	1.1%	0.7%	0.6%	0.4%	3.0%
Local & state govt. total compensation	0.9%	0.3%	1.8%	1.0%	3.7%
Civilian wages	0.7%	0.5%	0.8%	0.6%	2.3%
Private wages	0.7%	0.6%	0.7%	0.5%	2.2%
Local & state government wages	0.6%	0.2%	1.3%	0.9%	2.7%
Civilian benefits	2.2%	0.7%	1.1%	0.4%	5.1%
Private industry benefits	2.3%	0.8%	0.7%	0.2%	4.8%
Local & state government benefits	1.4%	0.5%	3.0%	1.1%	6.1%

Source: US Bureau of Labor Statistics

* current quarter

- > The number of residents filing claims for unemployment compensation benefits increased during the 4th quarter from 1,295 in the week ending October 1 to 3,793 in the week ending December 31.
- > The rise in unemployment claims follows a typical seasonal up-tick, but there were fewer claims filed in the final weeks of 2005 than the eight-year average for the same period.
- > The majority of claims filed were from manufacturing and construction workers.

Initial Claims for Unemployment Benefits by Industry in Qtr 4 2005 in Northwest Wisconsin

